

# **New Opportunities for Economic Assessment of Rural Households in China**

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Rural China has undergone enormous changes since economic reforms were introduced in the late 1970s. Ultimately, the impact of these reforms depends on how households respond to the new economic environment. Hence, the analysis and assessment of policies must view the household as an economic unit. In addition, understanding the impact of the reforms and subsequent policy initiatives on rural households requires data that is beyond the scope of the data collected by state agencies during the planned economy era (prior to 1979). To address these new data requirements, both state agencies and independent research organizations have modified existing survey instruments or developed new ones.

This paper provides an overview of the changes underway in rural China and the response of the social science community to generate appropriate data for researching these changes. Currently, farming represents roughly half of rural household income in China as workers move out of agriculture and into local wage employment, self employment or internal migration. In addition, agriculture is increasingly commercialized as households move away from subsistence production and into cash crops and market oriented agriculture. These changes are examples of how rural households are responding to the increased economic autonomy provided by the reforms. To understand the entire scope of economic activity for rural households in China, it is important to measure farm and off-farm income and wealth, production costs and returns to various crops, allocation of labor and land, and consumption and housing decisions.

In particular, we emphasize the importance of price and wage data to examine policy questions in this new environment. Economics asserts that prices, wages and transaction costs guide farm household decisions to move out of agriculture and out of subsistence crop production. But under the planned economy prior to reforms, such information was unnecessary since production and resource allocation was guided by planners. Since reforms, however, price and wage data are increasingly becoming available as independent research institutes develop their own survey instruments and government agencies are including such questions into their data collection efforts. In closing, we address some of the remaining issues regarding data availability and accessibility and how these issues affect the capacity of the research community to carry to address important social science questions.